

GOVERNANCE & AUDIT COMMITTEE
25 JANUARY 2023
7.30 - 8.20 PM



Present:

Councillors Allen (Chair), Wade (Vice-Chair), Brossard, Gbadebo, Mrs Hayes MBE and Leake

Apologies for absence were received from:

Councillors Heydon

21. Declarations of Interest

There were no declarations of interest.

22. Minutes of previous meeting

RESOLVED that the minutes of the meeting of the committee held on the 19 October 2022 be approved as a correct record.

23. Urgent Items of Business

There were no urgent items of business.

24. External Audit: Audit Progress Report

Stuart McKellar, Executive Director: Resources and Andrew Brittain, Partner at EY attended the Committee to provide an update on the progress and position of the External Audit.

The External Auditors were still awaiting completion of the 2020/21 Audit, the delay being due to the External Audit being undertaken by Deloitte at RBWM which was yet to be signed off. This affected the Bracknell Forest audit as RBWM administered the Berkshire pension fund. It was understood that there were objections which were holding the account up, but none of these obligations were in relation to the pension fund.

Work had started on the 21/22 audit, but this was also behind where it should be.

The issue was a national problem across Local Authorities, with only 12% of Local Authorities having had signed the 21/22 accounts off, where typically it would be 90% at this stage.

Andrew Brittain stated that EY had been assured that they would be receiving an assurance letter from Deloitte pre-Christmas, however they were then notified on the 20 December 2022 that this would not be received. EY were in the process of getting a further update from Deloitte and would be scheduling a call to find out the ongoing timetable. There had been an Indication that the work may not be completed before

the summer which would have a knock-on impact. EY would continue to try and find alternatives, but none had yet to be identified.

As a result of the update provided, and as a result of the Committee's comments and questions, the following points were made:

- The statutory deadline had long past.
- There was no scope for legal recourse, however there would be a conversation regarding fees.
- CEO's of the Berkshire Local Authorities had requested, to no current avail, that the completion of the audits shouldn't be dependent on our Local Authorities accounts.
- It had been requested that all Berkshire authorities had the same auditor. However, the PSFA had allocated a different auditor to RBWM and Slough. It was understood that RBWM had written back to request a single auditor and Slough had requested to keep their current auditor due to their unique position.
- EY were unable to start the 21/22 until later than they normally would have done.
- The challenges of completing the audits had been picked up at a national level.
- Andrew would circulate what was left to complete in the 21/22 audit outside of the meeting.
- Work would be unable to start on the 2022/23 audit until there was progress on the 2021/22 audit.
- KPMG would be the external auditors after 2023/24.
- Incoming auditors wouldn't be able to review the outgoing audits until they were completed.

25. **Internal Audit Update**

The Committee received and considered the Internal Audit Update.

This report summarised the activities of Internal Audit for the period April to December 2022 drawing together progress on the Annual Internal Audit Plan, risk management and other activities carried out by Internal Audit.

Between April to December 2022, 6 grant audits and 17 reports/memos were finalised, 8 reports/memos were issued in draft awaiting management responses, 3 were in draft awaiting quality review and 8 audits were work in progress.

Audits which had identified high priority recommendations would be revisited in 2023/24 to ensure successful implementation of agreed recommendations. The audits where major and critical recommendations had been raised were Housing Billing, Apprenticeship Levy and within a school. The recommendations were detailed within the annex of the report.

An audit recommendation tracker had been developed with IT to provide clearer management information on the status of actions to address significant weaknesses arising from audits. Audits were currently populating the tracker with all recommendations raised since 2019/20 being included.

The team were currently down two senior Auditors and had one agency worker who had been within the team for 10 months.

The update on progress on the Internal Audit Plan for 2022/23 was noted by the Committee.

26. **Treasury Management Report 2023/24 and 2022/23 Mid-Year Review**

The Committee received and considered the Treasury Management Report 2023/24 and 2022/23 Mid-Year Review.

The Local Government Act 2003 required the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable.

The Council was required to operate a balanced budget and part of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when needed.

CIPFA published the updated Treasury Management and Prudential Codes on 20th December 2021. CIPFA stated that after a soft introduction of the Codes, Local Authorities are expected to fully implement the required reporting changes within their TMSS/AIS reports from 2023/24. The Council was updating its Capital Strategy and the new prudential indicator, and these would be included in the final Treasury Management Strategy Statement published in March 2023.

There were no substantial changes to the Treasury Strategy to be adopted in 2023/24.

The Treasury Management Strategy for 2023/24 covered two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Council
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- the policy on use of external service providers

The national perspective were detailed within the report, with inflation and high level interest rates which were expected to increase to 4% which would be the highest base rate since 2002. It was expected that interest rates could rise higher in 2023, topping at 5% with a step fall in 2024.

It was noted that there was nothing within the Capital Programme that would require a loan in 2023/24.

The current position was easier to forecast than it had been in October 2022 after the governments mini budget.

RESOLVED that the Committee

- i. considers and reviews the Mid-Year Review Report.
- ii. agrees that the Mid-Year Review Report be circulated to all Members of the Council.
- iii. reviews the Treasury Management Report in Annex A for 2023/24 prior to its approval by Council.

27. **Exclusion of Public and Press**

RESOLVED that pursuant to Section 100A of the Local Government Act 1972, as amended, and having regard to the public interest, members of the public and press be excluded from the meeting for the consideration of the following item which involves the likely disclosure of exempt information under the following category of Schedule 12A of that Act:

- (1) Information relating to any individual (Item 9).

28. **Counter Fraud Update**

The Committee received an update on fraud cases and counter fraud activity since April 2021.

The counter fraud update was noted.

CHAIRMAN